

State of California  
BOARD OF EQUALIZATION  
SALES AND USE TAX REGULATION

**Regulation 1541. PRINTING AND RELATED ARTS.**

*Reference:* Sections 6006-6012, Revenue and Taxation Code.

**(a) DEFINITIONS.**

(1) **CLIP ART.** Clip art is prepackaged art (including photographic images) which is not produced to the special order of the customer and which is commercially available on CD ROM, other electronic media, or by computer program for use in digital page layout. Images that are enlarged, reduced, or rotated are not considered "produced to the special order of the customer."

(2) **COLOR SEPARATOR.** A color separator is a person who engages in the process of color separation. The process of color separation divides a full color photographic image into four separate components, corresponding to the four primary colors used in process color printing. The color separator may accomplish this photographically or electronically, and the products of this process may be either a negative or positive film separation or a separated printing plate.

(3) **COLOR SEPARATION WORKING PRODUCTS.** Color separation working products consist of property such as photographic film for making transparencies, masks, internegatives, interpositives, halftone negatives, composite color separation negatives, goldenrod paper and mylar plastic used in making flats, tape used in stripping negatives into flats, developing chemicals which become a component part of negatives and positives, proofing material and ink used in making final proofs, progressive proofs, and similar items, which are similar in function to special printing aids as defined in subdivision (a)(12).

(4) **DIGITAL PRE-PRESS INSTRUCTION.** Digital pre-press instruction is the creation of original information in electronic form by combining more than one computer program into specific instructions or information necessary to prepare and link files for electronic transmission for output to film, plate, or direct to press, which is then transferred on electronic media such as tape or compact disc.

(5) **FINISHED ART.** Finished art is the final artwork used for actual reproduction by photomechanical or other processes, or used for display. It includes electronic artwork, illustrations (e.g. drawings, diagrams, halftones, or color images), photographic images, sculptures, paintings, and handlettering.

(6) **INTERMEDIATE PRODUCTION AIDS.** Intermediate production aids include items such as artwork, illustrations, photographic images, photo engravings, and other similar materials which are used to produce special printing aids or finished art.

(7) **MECHANICAL OR PASTE-UP.** A mechanical or paste-up (also called camera-ready art or camera-ready copy) is produced by preparing copy to make it camera-ready with all type and design elements, and then pasting the prepared copy on artboard or illustration board in exact position along with instructions, either in the margins or on an overlay, for the platemaker.

(8) **PRINT BROKER.** A print broker is a person who contracts to sell printed matter, but who does not actually engage in the printing process to produce the printed matter to be sold, instead purchasing the printed matter from a printer or from another print broker for resale to the print broker's customer. A person who sells printed matter for which that person did not engage in the printing process is acting as a print broker even if that person engages in the print process for other contracts.

(9) **PRINTER.** A printer is a person engaged in the printing process.

(10) **PRINTING PROCESS.** The printing process involves activities related to the production of printed matter such as letterpress, flexography, gravure, offset lithography, reprography, screen printing, steel-die engraving, thermography, laser printing, inkjet printing, and photocopying.

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(11) **REPRODUCTION PROOF.** A reproduction proof is used exclusively for reproduction. It consists of either a direct impression of composed type forms containing type matter only or type matter combined with clip art, or a copy of that direct impression made by any method, including the diffusion transfer method.

(12) **SPECIAL PRINTING AIDS.** Special printing aids are reusable manufacturing aids which are used by a printer during the printing process and are of unique utility to a particular customer. Special printing aids include electrotypes, stereotypes, photoengravings, silk screens, steel dies, cutting dies, lithographic plates, film, single color or multicolor separation negatives, and flats. For purposes of this regulation, special printing aids includes items defined by subdivision (a)(6) as intermediate production aids.

**(b) APPLICATION OF TAX.**

(1) **SALES BY PRINTERS.** The production of printed matter for a consumer is a sale of tangible personal property whether the materials incorporated into the printed matter are furnished by the consumer or the printer. Unless that sale is exempt from tax, tax applies to the total gross receipts or sales price of the sale with no deduction on account of: the cost of the raw materials or other components; labor or service costs of any step in the process of producing, fabricating, processing, printing, or imprinting the tangible personal property; or any other expenses or services that are a part of the sale. Services that are a part of the sale of tangible personal property to consumers include charges for overtime, set-up, die cutting, embossing, folding (except as provided in subdivision (h)), and other binding operations. Printers may not deduct from the gross receipts or sales price from their sales of printed matter charges related to their typography work or the cost of typography or typesetting to them, nor can they deduct the costs of special printing aids for which they are consumers under subdivision (c)(1)(A), whether or not a separate charge is made to the customer for the special printing aids. Receipts attributable to such costs are includable in the measure of tax.

Tax applies to a printer's sale of special printing aids as provided in subdivision (c).

(2) **PURCHASES BY PRINTERS.** Printers are consumers of tangible personal property which is not sold prior to use or physically incorporated into the article to be sold. Tax applies to the sale of such property to, or to the use of the property by, a printer and also to any sale subsequent to its use by the printer. Property ordinarily consumed by a printer includes machinery (e.g., printing presses, cameras, digital pre-press equipment, and plate makers), office equipment, and printing aids. Printers, however, may purchase special printing aids for resale as explained in subdivision (c).

**(c) SPECIAL PRINTING AIDS.** In recognition of the unique utility that special printing aids have to the production of printed matter, the practices of the industry, and the need to avoid burdening businesses with unnecessary paperwork, the presumptions and rules set forth in this subdivision apply to a printer's purchase and sale of special printing aids used to produce printed matter sold by the printer.

**(1) PRINTER'S PURCHASE OF SPECIAL PRINTING AIDS.**

**(A)** When a printer who uses special printing aids to produce printed matter does not wish to sell those special printing aids in connection with the printer's sale of the printed matter so produced, the printer shall include the following or substantially similar statement in the contract or the sales invoice: "Special printing aids are not being sold to the customer as part of the sale of the printed matter, and the selling price of the printed matter does not include the transfer of title to the special printing aids." When this statement, or a substantially similar statement, is included in the contract or sales invoice, the printer retains title to the special printing aids and is the consumer thereof, without regard to whether the printer separately itemizes a charge for the special printing aids. Accordingly, the printer may not issue a resale certificate to purchase such special printing aids for resale, and tax applies to the cost to the printer of those special printing aids.

**(B)** Unless the printer includes a statement in the contract or sales invoice retaining title to the special printing aids, as described in subdivision (c)(1)(A), it shall be irrebuttably presumed that the printer resold to the customer the special printing aids purchased or produced by the printer for use on the customer's job, prior to any use, along with the printed matter produced with the special printing aids, without regard to whether the printer separately itemizes a charge for the special printing aids. Accordingly, unless the printer includes a statement in the contract or sales invoice retaining title, the printer may issue a resale certificate when purchasing such special printing aids or their components. If the vendor of the special printing aids to the printer does not take a valid and

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timely resale certificate from the printer stating that the special printing aids are for resale, the vendor has the burden of showing that the printer actually resold the special printing aids prior to use as provided in this subdivision.

(2) **PRINTER'S SALE OF SPECIAL PRINTING AIDS.** When the printer is regarded as purchasing the special printing aids for resale under subdivision (c)(1)(B), the following rules apply to determine the application of tax to the printer's sale of those special printing aids along with the printed matter produced with the special printing aids.

### **(A) Retail Sales of Special Printing Aids.**

1. **Sales to the United States Government.** When a printer makes a retail sale of special printing aids along with the printed matter produced with those special printing aids to the United States Government, the sale of the printed matter and the special printing aids to the United States Government is exempt from tax as provided in Regulation 1614.

2. **With nontaxable sale of printed matter.** When a printer makes a retail sale of special printing aids to anyone other than the United States Government along with a nontaxable sale of printed matter (such as an exempt sale in interstate commerce, an exempt sale of qualifying newspapers, periodicals, or printed sales messages, or a nontaxable sale for resale), the printer's sale of the special printing aids is subject to sales tax. The printer's taxable gross receipts or sales price from the sale of the special printing aids is deemed to be the sale price of the special printing aids, or their components, to the printer without regard to whether the printer separately states a charge for the special printing aids or, if the printer does so, without regard to the amount of that separately stated charge, and tax is due measured by that sale price. If the printer has paid California sales tax reimbursement or use tax on the sale price of the special printing aids or their components to the printer, no additional tax is due.

3. **With taxable sale of printed matter.** When a printer makes a retail sale of special printing aids along with the taxable retail sale of printed matter, tax applies to the entire charge for the printed matter and special printing aids, without regard to whether the charge for the special printing aids is separately stated. If the printer does not make a separate charge for the special printing aids, the charge for the printed matter is deemed to include the taxable charge for the special printing aids, and no further tax is due on account of the sale of those special printing aids.

**(B) Nontaxable Sales of Special Printing Aids for Resale.** A person purchasing printed matter for resale may also purchase the special printing aids used to produce the printed matter for resale if that person will, in fact, resell the special printing aids prior to any use. A printer will not be regarded as selling special printing aids for resale unless: 1) the printer separately states the sale price of the special printing aids in an amount not less than the sale price of the special printing aids, or their components, to the printer; and 2) the printer accepts a timely and valid resale certificate in good faith from the printer's customer stating that the special printing aids are purchased for resale. The term "special printing aids" on a resale certificate shall be sufficient to cover all special printing aids as defined in subdivision (a)(12), and a printer accepting such a resale certificate in good faith will be regarded as selling the special printing aids for resale provided the printer includes the required separately stated price for them. Otherwise, the printer will be regarded as selling the special printing aids at retail, and will owe tax on that retail sale accordingly. A printer might sell special printing aids for resale along with printed matter under circumstances where the sale of the printed matter is for resale and also qualifies for exemption, such as a sale in interstate commerce where the purchaser will then resell the printed matter prior to use. However, since a purchaser of special printing aids from a printer would not be regarded as purchasing them for resale unless reselling them as part of the sale of the printed matter produced with those special printing aids, a printer claiming its sale of special printing aids is for resale should take a resale certificate for its sale of the printed matter as well, even if the sale of that printed matter would also qualify for exemption.

1. **Sales of printed matter to multiple purchasers.** A person is not purchasing special printing aids for resale when title to the special printing aids does not pass to that person's customer prior to any use. If that person's customer does not obtain the right to exercise dominion and control over the special printing aids, the person will not be selling the special printing aids to its customer and cannot purchase the special printing aids for resale. A person does not purchase special printing aids for resale when the printed matter produced with those special printing aids is sold to several purchasers. For example, a person purchasing newspapers for individual sale cannot purchase special printing aids for resale because the individual purchasers of the newspaper are not also purchasing the special printing aids. A person purchasing posters for sale to the general public is not purchasing special printing aids for resale to the general public. A person purchasing printed cartons to pack items for individual sale is not

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purchasing the special printing aids used to produce the cartons for resale to the ultimate purchasers of the contents of the carton. In addition to the fact that the multiple purchasers in each of these cases could not at any time be regarded as purchasing the special printing aids, the retail purchaser of the end product is not known at the time the special printing aids are used, meaning that the special printing aids could not in any event be resold to those purchasers prior to use.

2. Existing obligation to resell special printing aids. A person cannot purchase special printing aids for resale when that person does not have an existing obligation to resell those particular special printing aids since, if the purchaser does not have such an existing obligation to resell the special printing aids, the printer will use them on the purchaser's behalf before they could be resold by the purchaser. An existing obligation may be represented by a purchase order, invoice, or other existing agreement, whether oral or in writing. If the existing obligation is an oral agreement, the person purchasing the special printing aids for resale must have some means to establish that the agreement was in existence no later than the time the special printing aids were used in the printing process.

**(C) Split Sales.** A printer may use special printing aids to produce printed matter where a portion of the sale is taxable and a portion of the sale is not taxable, such as the sale of printed sales messages some of which are delivered as required for exemption by Regulation 1541.5 and some of which are delivered directly to the purchaser. If a printer makes a sale of printed matter where a portion of the sale is taxable and a portion is not taxable along with a retail sale of the special printing aids used to produce that printed matter, tax is due on the full sale price of the special printing aids. If the printer separately states a charge for the special printing aids in an amount not less than the sale price of the special printing aids or their components to the printer, tax applies to that separate charge. In the absence of such a separate charge, the taxable portion of the sale of printed matter will be regarded as including the sale of the special printing aids provided that the measure of tax on that sale is at least equal to the sale price of the special printing aids or their components to the printer. If so, no further tax is due for the printer's sale of the special printing aids. If the measure of tax on the sale of the printed matter is less than the sale price of the special printing aids or their components to the printer, then the printer owes tax on the difference.

### **(3) PURCHASES AND SALES OF SPECIAL PRINTING AIDS BY PRINT BROKERS.**

**(A) Print Broker's Purchase of Special Printing Aids for Resale.** A person who purchases special printing aids for resale with printed matter but who will not itself use those special printing aids in the printing process is a print broker for that purchase and resale. A print broker who will acquire title to special printing aids from a printer or other print broker will be irrebuttably presumed to have resold the special printing aids to the customer, prior to any use, along with the printed matter produced with the special printing aids provided the print broker has, at the time of acquisition of the special printing aids, an existing obligation with a customer for the sale of printed matter and the print broker does not include a statement in the contract or sales invoice retaining title to the special printing aids, as described in subdivision (c)(1)(A). Accordingly, unless the print broker includes a statement in the contract or sales invoice retaining title, the print broker may purchase such special printing aids for resale pursuant to its existing obligation and issue a resale certificate for both the special printing aids and the printed matter. However, without regard to the taking of a resale certificate, a printer or print broker is regarded as making a retail sale of the special printing aids, and not a sale for resale, unless the printer or print broker separately states the charge for those special printing aids, which charge cannot be less than the sale price of such printing aids, or their components, to the printer.

**(B) Print Broker Issuing Resale Certificate.** A print broker who issues a resale certificate for the purchase of special printing aids is liable for tax on the print broker's sale price of the special printing aids, even if the print broker's sale of the printed material produced with the special printing aids is not subject to tax (such as an exempt sale in interstate commerce, an exempt sale of qualifying newspapers, periodicals, or printed sales messages, or a nontaxable sale for resale), unless the print broker sells the special printing aids to the United States Government or to another print broker who issues a timely and valid resale certificate in good faith as provided in this subdivision (c).

### **(C) Print Broker's Retail Sales of Special Printing Aids.**

1. Sales to the United States Government. When a print broker who purchases special printing aids under a resale certificate sells those special printing aids along with the printed matter produced with those special printing aids to the United States Government, the sale of the special printing aids to the United States Government is exempt from tax as provided in Regulation 1614.

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2. With nontaxable sale of printed matter. When a print broker who purchases special printing aids under a resale certificate makes a retail sale of special printing aids to anyone other than the United States Government along with a sale of printed matter that is not taxable (such as an exempt sale in interstate commerce, an exempt sale of qualifying newspapers, periodicals, or printed sales messages, or a nontaxable sale for resale), that sale of the special printing aids is subject to tax. If the print broker separately states a charge for the special printing aids that is not less than the printer's separately stated sale price for the special printing aids to the print broker, then tax applies to that separately stated sale price. Otherwise, tax applies to the the print broker's sale of the special printing aids measured by the printer's separately stated sale price to the print broker.

3. With taxable sale of printed matter. When a print broker who purchases special printing aids under a resale certificate makes a retail sale of those special printing aids along with the taxable retail sale of printed matter, tax applies to the entire charge for the printed matter and special printing aids, without regard to whether the charge for the special printing aids is separately stated. If the print broker does not make a separate charge for the special printing aids, the charge for the printed matter is deemed to include the taxable charge for the special printing aids, and no further tax is due on account of those special printing aids.

4. Split Sales. A print broker may sell special printing aids to produce printed matter the sale of which is partially exempt and partially subject to tax, such as the sale of printed sales messages some of which are delivered as required for exemption by Regulation 1541.5 and some of which are delivered directly to the purchaser. If a print broker makes a sale of printed matter where a portion of the sale is taxable and a portion is not taxable along with a retail sale of the special printing aids used to produce that printed matter, tax is due on the full sale price of the special printing aids. If the print broker separately states a charge for the special printing aids in an amount not less than the printer's separately stated sale price of the special printing aids to the print broker, tax applies to that separate charge. In the absence of such a separate charge, the taxable portion of the sale of printed matter will be regarded as including the sale of the special printing aids provided that the measure of tax on that sale is at least equal to the printer's separately stated sale price of the special printing aids to the print broker; if so, no further tax is due for the print broker's sale of the special printing aids, but if the measure of tax on the sale of the printed matter is less than the printer's separately stated sale price of the special printing aids to the print broker, then the print broker owes tax on the difference.

### **(d) CONCEPTUAL SERVICES.**

(1) When the printer makes a lump sum charge for a taxable sale of printed matter, the full lump sum charge is subject to tax with no deduction on account of any conceptual or other services performed to produce that printed matter. When the printer itemizes its charges for a taxable sale of printed matter, tax applies to the printer's entire charge except as provided below.

(2) As part of its contract to produce and sell printed matter, a printer may also agree to acquire finished art for use in producing the printed matter, and the acquisition of that finished art may involve the providing of services to convey ideas, concepts, looks, or messages to a printer's customer which result in a transfer, enhancement, or revision of either electronic artwork, hard copies of electronic artwork, or copies of manually prepared artwork. If the printer states a separate charge for such services which are itemized as "design charges," "preliminary art," "concept development," or any other designation that clearly indicates that the charges are for such services and not for finished art, they are nontaxable unless the contract of sale provides that the printer will pass to its customer title or the right to permanent possession of the artwork in tangible form, such as on electronic media or hard copy, or permanent possession of the artwork in tangible form is, in fact, transferred to the client. The remainder of the printer's charge is subject to tax.

(3) If a printer separately itemizes charges for finished art that also include charges for conceptual services described in subdivision (d)(2), it will be rebuttably presumed that 75 percent of the combined charge for the finished art and conceptual services is for the nontaxable services. If, however, the printer acquires the finished art and conceptual services from a commercial artist (rather than producing the finished art itself) and the commercial artist itemizes a separate charge for conceptual services that is less than 75 percent of the commercial artist's combined charge for conceptual services and finished art, that lesser percentage shall be applied to the printer's combined charge for final art and conceptual services to determine the total nontaxable charges for conceptual services. Tax applies to the remaining portion of the combined charge for final art and conceptual services unless: 1) the printer passes title to the final art to its customer; and 2) that transfer qualifies a technology transfer agreement under subdivision (b)(2)(D)2 of Regulation 1540, in which case tax applies to the charge for finished art in accordance with

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that provision. A separately itemized charge for special printing aids is not a separately itemized charge for finished art and conceptual services, and no portion of that charge is excluded from tax as a charge for nontaxable conceptual services.

**(e) COLOR SEPARATORS.** The application of tax to printers as explained in this regulation also applies to color separators. Color separators are consumers and not retailers of tangible personal property which is not sold prior to use or physically incorporated into the article to be sold. Tax applies to the sale of such property to, or to the use of such property by, the color separator. Examples of such property include filters and screens, trial proofing materials, disposable lithographic plates, and developing chemicals which do not become incorporated into the article sold. Color separator working products are special printing aids for purposes of this regulation, and the provisions of subdivision (c) apply to their purchase and sale. Color separators, and persons such as printers when acting as color separators, may purchase color separator working products for resale when title to such property passes to the customer prior to use by the color separator as described in subdivision (c). The term "color separator working products" or "special printing aids" on a resale certificate shall be sufficient to cover all such products.

Charges for alterations of film work for \$100 or less shall be considered charges for restoring property to its original condition and not subject to tax. Charges greater than \$100 shall be considered charges for fabrication labor and subject to tax.

### **(f) COMPOSED TYPE.**

(1) IN GENERAL. Tax does not apply to the fabrication or transfer by a typographer or typesetter of composed type, or reproduction proofs of such composed type to printers to use in the preparation of printed matter. The composition of type is the performance of a service, and tax does not apply to charges for such service, unless that service is a part of the sale of printed matter. Tax applies to the gross receipts from the sale of printed matter without any deduction for the charge for typography. Tax applies to charges for transfers of composed type combined with artwork as provided in subdivision (f)(3).

Typographers and typesetters are the consumers and not retailers of materials, such as typesetting machinery, metal forms, galleys, proofing paper, and cleaners which are used in the performance of their service and are consumers of materials transferred to their customers incidental to the performance of nontaxable typography or typesetting services, such as clip art that is combined with text on the same page.

Composed type includes type together with lined borders and plain, straight, fancy, or curved lines. Composed type also includes charts, tables, graphs, and similar methods of providing information.

(2) PHOTOCOMPOSITION (INCLUDING PHOTOTYPESETTING AND COMPUTER TYPESETTING). Tax does not apply to the composing of type regardless of whether the type is composed by means of such simplified methods as standard typewriter, desktop publishing, Varityper or Justowriter; by means of photolettering or headlining machines; or by means of a photocomposition (including computer photocomposition) method. Tax does not apply to the transfer, whether temporary or permanent, of the direct product of the type composition service or copy thereof (e.g., typeset matter direct from the typesetting machine ready to be cut and pasted up for reproduction or computer generated type), if that product contains text only or text combined with clip art, whether that product is a paper or film (negative or positive) product, provided the product or copy is to be used exclusively for reproduction.

The transfer of camera-ready copy containing text only or text and clip art in the form of a paste-up, mechanical, or assembly, or a camera-ready reproduction of such, is the transfer of composed type and the charge made by the typographer or typesetter to his or her customer is not subject to tax. Tax does not apply to the transfer of a direct photoreproduction of type composed by means of a photolettering or headlining machine or other similar device.

Camera-ready copy which is produced through the use of desktop publishing software and a personal computer is nontaxable composed type provided it does not contain artwork other than clip art.

Transfers of plates and mats for use in the printing process which are produced using composed type are subject to tax, and tax applies to the entire charge made to the customer including any portion of the charge attributable to the type composition service, whether that charge is separately stated or not. Transfers of engraved printing plates and duplicate plates such as electrotypes, plastic plates, rubber plates, and other plates used in letterpress printing are subject to tax. Similarly, transfers of exposed presensitized, wipe-on, deep-etch, bi-metal and other plates used in offset lithography or of exposed plates produced by a photo-direct method, do not qualify as transfers of reproduction

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proofs of composed type and are subject to tax. A transfer of gelatin coated film to be transferred to fine mesh silk in the silk-screening process is subject to tax.

(3) **ARTWORK.** Artwork, other than clip art combined with composed type on the same page, is not composed type. The term "artwork" includes illustrations (e.g., drawings, diagrams, halftones, or color images), photographic images, drawings, paintings, handlettering, and computer generated artwork. If the basis for billing is on a per page basis, the charge for any page with artwork is subject to sales tax and the charge for any page with only text, or text and clip art, is not subject to tax. If the basis for billing is lump sum, the ratio of pages containing artwork to the total number of pages, applied to the lump sum charge, represents the retail sale price of the artwork and is subject to tax, but in no event shall the retail sale price of the artwork be less than the sale price of the artwork, or its components, to the typographer.

However, if ten percent or fewer of the pages contain artwork, the true object of the sale shall be deemed to be a sale of typography services with an incidental transfer of artwork, and the typographer is the consumer of that artwork. Tax applies to the sale price of the artwork, or its components, to the typographer. Tax does not apply to the sale of the typography service as explained in subdivision (f)(1).

(4) **REPRODUCTION RIGHTS.** Notwithstanding subdivision (f)(3), if the transfer of artwork qualifies as a technology transfer agreement under subdivision (b)(2)(D)2. of Regulation 1540, tax applies to the transfer of the artwork in accordance with that provision.

### **(g) DIGITAL PRE-PRESS INSTRUCTION.**

Digital pre-press instruction is a custom computer program under section 6010.9 of the Revenue and Taxation Code, the sale of which is not subject to tax, provided the digital pre-press instruction is prepared to the special order of the purchaser. Digital pre-press instruction shall not, however, be regarded as a custom computer program if it is a "canned" or prewritten computer program which is held or existing for general or repeated sale or lease, even if the digital pre-press instruction was initially developed on a custom basis or for in-house use. The sale of such canned or prewritten digital pre-press instruction in tangible form is a sale of tangible personal property, the retail sale of which is subject to tax.

**(h) MAILING.** Tax does not apply to charges for postage or for addressing for the purpose of mailing (by hand or by mechanical means), folding for the purpose of mailing, enclosing, sealing, preparing for mailing, or mailing letters or other printed matters, provided such charges are stated separately on invoices and in the accounting records. Tax applies, however, to charges for envelopes.

**(i) SIGNS, SHOW CARDS, AND POSTERS.** Tax applies to retail sales of signs, show cards, and posters, and to charges for painting signs, show cards, and posters, whether the materials are furnished by the painter or by the customer.

Tax does not apply to charges for painting or lettering on real property. The painter or letterer is the consumer of the materials used in such work, and tax applies with respect to the sale of such property to, or the use of such property by, the painter or letterer.

*History:* Effective July 1, 1939.

Adopted as of January 1, 1945, as a restatement of previous rulings.

Amended June 10, 1959.

Amended September 2, 1965, applicable as amended August 1, 1965.

Amended June 20, 1967.

Amended October 8, 1968.

Amended by renumbering November 3, 1971, effective December 3, 1971.

Amended December 14, 1972, effective January 21, 1973

Amended November 29, 1988, effective February 10, 1989. Amended subdivision (f)(2) to provide that copies of reproduction proofs are excluded from the definition of "sale" and "purchase".

Amended September 1, 1999, effective December 3, 1999. Subdivision (a) re-titled "Definitions" and the content, specifying the application of tax to various obsolete processes, deleted; also, language inserted to define certain terms current in the industry and used throughout the regulation. Subdivision (b) re-titled "Application of Tax" and the current language deleted; new subdivisions (b)(1) and (b)(2) added. Subdivision (c) re-titled "Special Printing Aids," and the current language deleted; new subdivisions (c)(1), (c)(2), (c)(3),

## Regulation 1541. (Continued)

(c)(4) and (c)(5) added. Subdivision (d), re-titled "Color Separators"; references to new subdivisions (b) and (c) added; also added examples of property consumed by color separators; in unnumbered paragraph provides examples of items printers and color separators can purchase for resale and cross-references to subdivisions (a)(1) and (c) added. Subdivision (e) renamed "Composed Type", old title deleted. Subdivision (e)(1) re-titled "In General" and its wording deleted; new language added to specify that tax does not apply to the fabrication or transfer by a typesetter or typographer of composed type, etc., to printers to use in the preparation of printed matter, and that typographers and typesetters are the consumers of the materials they use in preparing their products; also charts, graphs, tables, and similar methods of providing information are included in the definition of "composed type." Subdivision (e)(2) re-titled "Photocomposition" and the prior wording deleted. New language added to specify that tax does not apply to transfers of text only or text combined with clipart whether the product is on paper, film or camera-ready copy; however, the transfer of plates or mats for use in the printing process are taxable. Subdivision (e)(3) renamed "Artwork" and the previous language deleted; new language added to clarify that artwork, other than clip art, is not composed type and its transfer is subject to tax, to list examples of artwork, and to specify what is included in the entire charge for transfers of artwork. Subdivision (e)(4) deleted. Subdivision (f) heading and former subdivisions discussing obsolete typesetting methods deleted and renamed "Transfers of Information on Computer Disk or Other Electronic Media. Subdivision (g) heading and former content regarding obsolete uses of impressed mats deleted and re-titled "Mailing." New language added to specify that separately stated charges for postage, addressing or activities undertaken in the process of preparing for mailing are not subject to tax. Subdivision (h) heading "DUPLICATION BY TYPEWRITERS" and content deleted. Subdivision (i) deleted with heading and content absorbed by subdivision (h).

Amended May 29, 2002, effective October 3, 2002. Subdivision (a)- current subdivisions (1)-(5) deleted. Subdivision (a)(1)- language of former subdivision (a)(5) moved to here and amplified. Subdivisions (a)(2), (3), (4), (5), (6), (8,) and (9) added. Subdivision (a)(7)- language of former subdivision (a)(4) moved to here and amplified. Subdivision (a)(10)- language of former subdivision (a)(2) moved to here and amplified. Subdivision (a)(11) - language of former subdivision (a)(3) moved to here and amplified. Subdivision (a)(12)- language of current subdivision (a)(1) moved to here and amplified. Subdivision (b)(1)- first sentence deleted and phrase "The measure of tax is" deleted in second sentence; new first sentence added and language "Unless ... to" added to beginning of second sentence; designations (a), (b), and (c) deleted; cross-reference to "(g) below)" changed to (h); word "of" deleted from fourth sentence and phrases "or sales price from" and ", nor ... aids" added. Subdivision (b)(2)- language ", or ... by," added to second sentence; word "the" changed to "a"; phrase "Such ... to" deleted and phrase "Property ... includes" added; word "electronic" replaced with "digital"; and word "and" added. Subdivision (c)- language of former subdivision deleted in its entirety; new language added. Subdivision (d) added. Former subdivision (d) re-designated (e) accordingly; cross reference to former subdivision (b) & (c) changed to "this regulation," phrase ", or . . . by," added to third sentence; phrase ", but ...to," deleted from fourth sentence; new fifth sentence added; in sixth sentence, phrase ", and persons such as printers when acting as color separators," added and "or printers" deleted and language "property ... as" deleted; phrase "or "special printing aids"" added to last sentence. . Former subdivision (e) re-designated (f). Subdivision (f)(1)- cross-reference changed to reflect new subdivision designation. Subdivision (f)(3)-phrase ", but is not limited to," deleted; word "photographs" changed to "photographic images"; words "the charge for" added twice to third sentence; word "selling" changed to "sale" twice in the fourth sentence. Unnumbered paragraph- language "the ... less" and "the" deleted from first sentence and language "ten percent or fewer of the pages contain artwork" and "with an incidental transfer of artwork," and "that" added; "selling" changed to "sale" in second sentence; cross reference in second sentence changed. New subdivision (c)(4) added. Former subdivision (f) re-designated (g), and re-titled "DIGITAL PRE-PRESS INSTRUCTION;" first two sentences deleted; phrases "Digital pre-press instruction is" and "the sale of which." and ", provided" and "purchaser" added to third sentence and language "as defined", "and" and "if" and "electronic or" and "customer" deleted; phrases "The electronic or d" and "electronic or" deleted from fourth sentence and word "digital" capitalized; new sentence added. Former subdivision (g) re-designated (h) former subdivision (h) re-designated (i); the phrase ",or...letterer" added and the word "him" deleted..

*Regulations are issued by the State Board of Equalization to implement, interpret or make specific provisions of the California Sales and Use Tax Law and to aid in the administration and enforcement of that law. If you are in doubt about how the Sales and Use Tax Law applies to your specific activity or transaction, you should write the nearest State Board of Equalization office. Requests for advice regarding a specific activity or transaction should be in writing and should fully describe the facts and circumstances of the activity or transaction.*